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2010 FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Audit Committee recommends:

1. **Receipt of the presentation by Warren Marshall, Director of Financial Services and Deputy Treasurer; and**

2. **Adoption of the recommendation contained in the following report dated May 30, 2011, from the Director of Financial Services and Deputy Treasurer.**

1. RECOMMENDATION

It is recommended that:

1. The attached 2010 Financial Statements and Auditors' Report be received.

2. PURPOSE

The report is to provide Council with a summary of the financial activities of the Corporation for the year 2010.

3. BACKGROUND

This report is prepared in accordance with *Municipal Act* ("*the Act*") requirements. Section 286.1 of *the Act* requires the Treasurer to report financial affairs of the municipality to the Council. Section 294.1 of *the Act* requires a municipality to prepare financial statements for the municipality in accordance with the generally accepted accounting principles. Section 296.1 of *the Act* requires municipality to appoint a licensed auditor who is responsible for auditing the accounts and transactions of the municipality annually and expressing an opinion on the municipality's financial statements.

4. ANALYSIS AND OPTIONS

The auditors have issued an unqualified opinion on the 2010 financial statements

The annual audit, performed by KPMG LLP, is conducted in accordance with generally accepted auditing standards. The Auditors' Report, which forms an integral part of the financial statements, is issued by KPMG without reservation and reflects their unqualified opinion that the financial statements present fairly, in all material respects, the financial position of the Region in accordance with generally accepted accounting principles.

Significant changes in year end balances

Financial Assets

"Total Financial Assets" have increased by $123M. The increase in "Cash" ($232M), "Accounts Receivable" ($60M) and "Debt amounts recoverable from Area Municipalities" ($16M) are partially offset by decreases in "Investments" ($179M).

The year over year increase in "Accounts Receivable" in 2010 ($53M) relates to a number of different program areas. Some of the major variances are: a claim for HST rebate from the Canada Revenue Agency ($16M); recovery of capital costs related to the Duffin Creek Expansion project ($11M); recovery of capital costs from Metrolinx ($6.5M); increased recoveries from the Ministry of Community & Social Services ($6.5M); municipal water accounts ($7M).

Of the $53M increase in accounts receivable in 2010, a total of $41.5M was collected as of April, 30, 2011. This represented settlement of amounts from the Town of Richmond Hill ($7M), Metrolinx ($6.5M), Miller Waste Systems ($2M), the Regional Municipality of Durham ($10M), and the Canada Revenue Agency ($16M). The Finance Department continues to be diligent in collecting remaining amounts in accordance with a revised Collection Policy approved by Regional Council.

Liabilities

"Accounts Payable and Accrued Liabilities" increased approximately $113M over 2009. Accounts payable increased over 2009 by $51.4M (41%) mainly due to capital costs associated with the Duffin Creek WPCP Facility ($32.4M) and outstanding water capital costs sharing invoices with the Regional Municipality of Peel ($15M).

Accrued Liabilities increased by $41M representing a 30% increase over 2009. Major sources of this increase are the result of amounts owed with regard to capital projects in progress ($27.5M), amounts owed for rapid transit bus purchases ($7M), a general increase in accrued debenture interest ($2.5M) and amounts owed for Go Transit capital growth funding ($4.6M).

Employee benefits obligations increased by $13M mainly due to increases in actuarial valuations and a correction to the valuations. Employee benefit obligations include extended health and dental coverage for early retirees, vested sick leave benefits, long-term disability claims, vacations payable and Workers' Compensation obligations.

"Deferred Revenue" increased by $17.7M mainly due to several factors including additional security deposits pertaining to various development charge prepayments from developers associated with the York Durham Sewer System over those outstanding in 2009.

"Gross Long-term Liabilities" increased by a net $120M due to new debt issued. Included in the debt issued in 2010 were $91M for wastewater projects, $116M for water projects, $14M for police, and $23M for rapid transit.

"Deferred Revenue-Obligatory Reserve Funds" increased by $43M. The 2010 balance consists of development charges of $464M and the federal gas tax rebate of $20M.

Net Debt

Net Debt is the amount that Financial Liabilities exceed Financial Assets. Net Debt rose in 2010 by $221M primarily due to the increase in the Region's investment in tangible capital assets during the year.

Non Financial Assets

Non Financial Assets includes the net book value (cost less accumulated amortization) of the Region's tangible capital assets plus inventory and prepaid expenses. The Region's non financial assets increased by $701M in 2010 due to the investment in tangible capital assets during the year.

Tangible Capital Assets

In 2010, the Region is reporting its tangible capital assets in the audited financial statements as required by the Public Sector Accounting Board (PSAB) as part of the Region's non financial assets.

The net book value of the Region's capital assets reported in our 2010 financial statements is $4,407,192,761 (2009 - $3,706,371,985). Net book value is the original cost of these assets less amortization (or estimated usage) since they were put into service.

Accumulated Surplus

Accumulated surplus represents the amount by which all assets exceed all liabilities. An accumulated surplus indicates that the Region has net resources that can be used to provide future services and meet its obligations.

The net book value of the Region's assets when added to the Region's Net Debt and Prepaid Expenses results in Accumulated Surplus for the Region of $3,542,715,437 (2009 - $3,062,683,263).

Reserves and Reserve Funds

Reserves and Reserves Funds which are now a part of the Accumulated Surplus total have increased by approximately $110M. Included in the increase were receipts of provincial funding for Dedicated Gas Tax program ($14M), Ontario Bus Replacement program ($14M) and Move Ontario program ($54M).

The 2009 Financial Statements have been restated

In 2009, York Region paid the Region of Peel and the City of Toronto $74.8M to cover York Region's portion of capital costs incurred to construct additional water and wastewater infrastructure. The $74.8M was fully expensed in the Consolidated Statement of Operations.

In 2010, $177.9M was paid by York Region to the Region of Peel and the City of Toronto. To properly reflect the intention of these contributions, the costs have been recorded in Assets under Construction and included in the Consolidated Statement of Financial Position. The 2009 figures have been restated to reflect the change in accounting treatment. These costs will be amortized over the period that the benefits are realized.

5. FINANCIAL IMPLICATIONS

These financial statements are prepared in accordance with generally accepted accounting principles and reflect the sound financial management of the Region. Transfers were made to various reserves, in accordance with Regional Council's approved reserve and surplus management strategy.

The 2010 operating surplus totalled $45.4M. Any year end operating surplus has been allocated in accordance with Regional Council's surplus management policy. In May 2011, Regional Council re-directed that the 2010 operating surplus be allocated to the Spadina Subway Extension project to reduce debt requirements, the Solid Waste and the Police sick leave reserves.

6. LOCAL MUNICIPAL IMPACT

There is no impact on local municipalities associated with this report.

7. CONCLUSION

The 2010 financial statements are presented in accordance with the *Municipal Act*. The financial activities of Housing York Inc. and York Region Rapid Transit Corporation are consolidated with the financial activities of the Region. The format is consistent with the reporting requirements of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants which will qualify the statements for consideration for the CANFR award presented by the Government Finance Officers Association.
For more information on this report, please contact Jim Kelly, Manager, Corporate Accounting Services at Ext. 1683.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)

Council Attachment 1

THE REGIONAL MUNICIPALITY OF YORK

2010 CONSOLIDATED FINANCIAL STATEMENTS

2010 Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Regional Municipality of York

We have audited the consolidated financial statements of The Regional Municipality of York, which comprise the statement of financial position as at December 31, 2010, the statements of operations and accumulated surplus, change in net debt, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Regional Municipality of York as at December 31, 2010, the results of its operations and accumulated surplus, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

May 13, 2011
Toronto, Canada

THE REGIONAL MUNICIPALITY OF YORK
Consolidated Statement of Financial Position
As at December 31, 2010

	2010	2009
		(Restated-Note 2)
	$	$
ASSETS		
Financial Assets		
Cash and cash equivalents (Note 3)	**544,573,127**	312,450,958
Accounts receivable (Note 4)	**237,585,441**	184,388,889
Investments (Note 3)	**924,651,049**	1,103,519,521
Debt amounts recoverable from		
Area municipalities (Notes 5 and 9a)	**180,345,736**	164,120,371
Total	**1,887,155,353**	1,764,479,739
LIABILITIES		
Accounts payable and accrued liabilities	**442,376,639**	329,246,399
Employee benefit obligations (Note 7)	**104,685,469**	91,448,524
Deferred revenue (Note 1b ii)	**50,761,905**	33,019,780
Gross long-term liabilities (Note 5)	**1,599,137,893**	1,479,173,020
Retirement and sinking fund debenture (Note 5)	**79,239,615**	42,226,449
	2,276,201,521	1,975,114,172
Deferred revenue-obligatory reserve funds (Note 6)	**483,866,962**	440,927,214
Total	**2,760,068,483**	2,416,041,386
Net Debt	**(872,913,130)**	(651,561,647)
Non Financial Assets		
Tangible capital assets (Note 16)	**4,407,192,761**	3,706,371,985
Prepaid expenses and inventory	**8,435,806**	7,872,925
Accumulated Surplus (Note 14)	**3,542,715,437**	3,062,683,263

The accompanying notes are an integral part of these Consolidated Financial Statements.

THE REGIONAL MUNICIPALITY OF YORK
Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2010

	Budget (Unaudited) $	**2010** $	2009 (Restated-Note 2) $
Revenues			
Net taxation/user charges	942,125,500	**945,171,740**	904,652,095
Transfer payments (Note 17)	319,466,278	**408,322,365**	263,215,689
Development contributions	290,349,042	**207,882,992**	202,030,928
Fees and services	100,137,733	**104,380,937**	93,435,684
Interest	-	**42,964,319**	39,170,467
Other	88,201,852	**42,627,349**	48,489,307
Total Revenues	1,740,280,405	**1,751,349,702**	1,550,994,170
Expenses			
General government	80,240,400	**90,919,803**	107,980,963
Protection to persons and property	235,674,500	**241,098,159**	221,092,607
Transportation services	222,323,213	**276,083,130**	259,217,284
Environmental services	388,540,600	**241,927,191**	227,349,042
Health and emergency services	114,777,876	**101,559,217**	93,937,039
Community services	200,517,000	**202,969,147**	212,919,148
Social housing	126,436,509	**104,998,260**	98,606,217
Planning and development	8,173,000	**11,762,621**	11,460,456
Total Expenses	1,376,683,098	**1,271,317,528**	1,232,562,756
Annual Surplus		**480,032,174**	318,431,414
Accumulated Surplus, Beginning of Year		**3,062,683,263**	2,744,251,849
Accumulated Surplus, End of Year		**3,542,715,437**	3,062,683,263

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Change in Net Debt

For the year ended December 31, 2010

	Budget (Unaudited) $	**2010** $	2009 (Restated-Note 2) $
Annual surplus	363,597,307	**480,032,174**	318,431,414
Amortization of tangible capital assets	134,000,000	**123,634,930**	116,574,783
Proceeds on disposal of tangible capital assets	-	**1,175,356**	561,853
Change in inventory and prepaid expenses	-	**(562,881)**	1,687,175
Loss/(gain) on sale of tangible capital assets	-	**(272,486)**	2,722,444
Acquisition of tangible capital assets	(792,142,000)	**(825,358,576)**	(605,504,341)
Change in net debt	(294,544,693)	**(221,351,483)**	(165,526,672)
Net debt, Beginning of year	(651,561,647)	**(651,561,647)**	(486,034,975)
Net debt, End of year	(946,106,340)	**(872,913,130)**	(651,561,647)

The accompanying notes are an integral part of these Consolidated Financial Statements.

THE REGIONAL MUNICIPALITY OF YORK
Consolidated Statement of Cash Flows
For the year ended December 31, 2010

	2010	2009
		(Restated-Note 2)
	$	$
Operating		
Annual surplus	**480,032,174**	318,431,414
Items not involving cash:		
Amortization	**123,634,930**	116,574,783
Loss/(gain) on sale of tangible capital assets	**(272,486)**	2,722,444
Changes in non-cash assets and liabilities:		
Accounts receivable	**(53,196,552)**	36,248,182
Accounts payable and accrued liabilities	**113,130,240**	49,384,286
Employee benefit obligations	**13,236,945**	7,239,060
Deferred revenue	**17,742,125**	5,151,825
Deferred revenue-obligatory reserve funds	**42,939,748**	(56,721,226)
Prepaid expenses and inventory	**(562,881)**	1,687,176
Net change in cash and cash equivalents from operations	**736,684,243**	480,717,944
Capital		
Acquisition of tangible capital assets	**(825,358,576)**	(605,504,341)
Proceeds on disposal of tangible capital assets	**1,175,356**	561,853
Net change in cash and cash equivalents from capital	**(824,183,220)**	(604,942,488)
Investing		
Net change in investments	**178,868,472**	(115,247,436)
Financing		
Long-term debt issued	**242,494,380**	418,245,512
Long-term debt repaid	**(99,702,154)**	(108,900,874)
Interest earned on own sinking funds	**(2,039,552)**	(1,045,618)
Net change in cash and cash equivalents from financing	**140,752,674**	308,299,020
Net change in cash and cash equivalents	**232,122,169**	68,827,040
Opening cash and cash equivalents	**312,450,958**	243,623,918
Closing cash and cash equivalents	**544,573,127**	312,450,958
Cash paid for interest	**57,369,474**	63,507,633
Cash received from interest	**68,605,176**	64,332,488

The accompanying notes are an integral part of these Consolidated Financial Statements.

The Corporation of the Regional Municipality of York (the "Region") was incorporated as a municipality in 1971 by the Province of Ontario. The area municipalities within the regional boundaries include the towns of Aurora, East Gwillimbury, Georgina, Markham, Newmarket, Richmond Hill, Whitchurch-Stouffville, the Township of King and the City of Vaughan.

1. Accounting Policies

The consolidated financial statements of the Regional Municipality of York are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

The focus of PSAB financial statements is on the financial position of the Region and the changes thereto. The Consolidated Statement of Financial Position reports the financial assets and liabilities, and the non financial assets and liabilities of the Region. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the amount by which all assets exceed all liabilities. An accumulated surplus indicates that the Region has net resources that can be used to provide future services and meet its obligations.

a) Basis of Consolidation

i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses in the Operating Fund of all entities which are accountable to and controlled by the Region. They include the activities of all committees of Council, York Region Police Services Board, Housing York Inc. and York Region Rapid Transit Corporation (Rapidco). Inter-unit balances and transactions are eliminated from the consolidated financial statements.

Certain 2009 comparative figures have been reclassified to conform to the current presentation

ii) The financial activities of the sinking fund are disclosed separately in the sinking fund financial statements.

iii) Funds held in trust by the Region for the residents of Newmarket Health Centre and Maple Health Centre and their related operations are not included in the consolidated financial statements. The financial activity and position of the trust funds and donations received on behalf of the Centres are reported separately in the Residents' Trust Funds and Donation Account Statement of Financial Position, and Statement of Financial Activities.

b) Basis of Accounting

i) Full Accrual Basis of Accounting

The consolidated financial statements are prepared using the full accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

The annual cost of owning and using a capital asset (estimated amortization) is deducted from annual results. That is, a part of the cost of the asset is recognized in annual results in each of the periods of its useful life.

ii) Deferred Revenue-General

Funds received for specific purposes are accounted for as deferred revenue until the Region discharges the obligation which led to the receipts of funds.

iii) **Deferred Revenue-Obligatory Reserve Funds**

Development Charges, collected under the authority of Sections 33 to 35 of the Development Charges Act 1997, are reported as Deferred Revenue in the Consolidated Statement of Financial Position in accordance with the recommendations of PSAB. Amounts applied to qualifying capital projects are recorded as revenues in the fiscal period in which the funds are expended on qualifying capital projects.

The Region receives federal gas tax revenues under a municipal funding agreement with the Association of Municipalities of Ontario for the transfer of the revenues. These funds, by their nature, are restricted in their use and until applied to applicable capital works are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

iv) **Government Grants**

Government transfers are recognized in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. They consist of grants and subsidies received for various operating and capital programs.

v) **Investments**

Investment income earned on surplus current fund and reserve funds (other than development charges) are reported as revenue in the period earned. Investment income on the development charge reserve funds is added to the fund balance and form part of the respective deferred revenue balances.

Investments are carried at the lower of cost and market value. Any discount or premium is amortized over the remaining term of the investments.

vi) **Pensions and Employee Benefits**

The Region accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined benefit plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Region's employ.

Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workers Safety and Insurance Board (WSIB) are amortized over the average expected period during which the benefits will be paid. The cost of plan amendments is accounted for in the period they are adopted.

Where applicable, the Region has set aside reserve funds intended to fund these obligations, either in full or in part. These reserve funds were created under municipal by-law and do not meet the definition of a plan asset under PSAB 3250 Retirement Benefits. Therefore, for the purpose of these financial statements, the plans are considered unfunded.

vii) **Segment Disclosure**

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard.

viii) Budget Figures

Regional Municipality of York's Council completes a review of its operating budget each year. The approved budget for 2010 is included in the budget figures presented in the Consolidated Statement of Operations. The budget as approved by Regional Council includes those expenditures which are part of current tax levies and user charges.

ix) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight line basis over their estimated useful lives in number of years as follows:

Land	Infinite
Land Improvements	20
Buildings	15-60
Leasehold Improvement	Lease Term
Water and Wastewater-Linear	60-100 by materials
Water and Wastewater-Discrete facilities	15-60 by asset components
Hardware and Software	3-7
Equipment and Machinery	3-30
Vehicles	3-18
Roads (Road surface/Structure)	15/45
Bridges (Deck/Understructure)	25/75
Culverts	60
Level Crossings	40
Intersections	15

x) Use of Estimates

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

2. RESTATEMENT

The Regional Municipality of York paid the Region of Peel and the City of Toronto $177.9 million in 2010 ($74.8 million in 2009) to cover the Region's portion of capital costs incurred to construct additional water and wastewater infrastructure. While the contributions were made under a cost-sharing arrangement, the Region believes that they possess the risks and rewards of ownership of these assets to the level of their contribution Previously, the $74.8 million was expensed in the Consolidated Statement of Operations. In 2010, these costs are recorded in Assets under Construction and the 2009 comparative figures have been restated to reflect the change in accounting treatment. These costs will be amortized over the period that the benefits are realized.

3. INVESTMENTS

Included in cash and cash equivalents are short-term investments of $189,416,620 (2009 - $2,963,621) with a market value of $189,295,252 (2009 - $2,992,545).

Long-term investments of $924,651,049 (2009 - $1,103,519,521) have a market value of $947,398,207 (2009 - $1,115,890,350).

Cash and cash equivalents and long-term investments include $483,866,962 (2009 - $440,927.214) of restricted funds as required under legislation to fund obligatory reserve funds.

4. ACCOUNTS RECEIVABLE

This amount is comprised of the following:

	2010	2009
	$	$
Government of Canada	**22,198,179**	5,892,118
Government of Ontario	**6,814,529**	2,948.786
Other Municipalities	**94,428,623**	89,241,005
Others	**115,309,459**	91,569,680
	238,750,790	189,651,589
Less: Allowance for Doubtful Accounts	**1,165,349**	5,262,700
	237,585,441	184,388,889

5. LONG-TERM LIABILITIES

a) The balance for long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following items. Interest rates for the debts range from 1.8% to 13 5%.

The total gross amount of the long-term liabilities to be retired by sinking funds is $882,324,881 (2009 - $648,247,928). The amount of the sinking funds assets available to retire debt is $79,239,615 (2009 - $42,226,449).

	2010 $	2009 $
Total long-term liabilities incurred by the Municipality including those incurred on behalf of area municipalities and outstanding at the end of the year	**1,515,098,326**	1,391,869,357
Mortgages payable by Housing York Inc.	**84,039,567**	87,303,663
	1,599,137,893	1,479,173,020
Retirement and sinking fund debenture	**79,239,615**	42,226,449
Less: Recoverable from area municipalities	**180,345,736**	164,120,371
Net long-term liabilities at the end of the year	**1,498,031,772**	1,357,279,098

b) Net long-term liabilities are repayable as follows:

2011	$146,256,275
2012	150,741,031
2013	143,735,661
2014	133,187,117
2015	134,897,734
Thereafter	714,135,804
Net sinking fund debt repayable according to actuarial recommendations	75,078,150
	$1,498,031,772

Long-term liabilities are financed through a combination of development charges, water and sewer rates, and tax levy.

c) **Charges for Net Long-term Liabilities**
Total interest charges for the year for net long-term liabilities which are included in the Consolidated Statement of Operations are $70,631,271 (2009 - $64,464,097).

6. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

Included in deferred revenue are development charges of $464,185,356 (2009 - $425,616,600) and federal gas tax revenues of $19.681,606 (2009 - $15,310,614).

7. Employee Benefits and Other Liabilities

The amounts represent liabilities established for accrual accounting purposes expected to be settled in future periods. In some cases, reserves have been established to fund these amounts. In other cases, the liabilities are to be funded from future years' budgetary allocations. Net increase in the total amount is $14,573,647.

	2010 $	2009 $
Post employment benefits (c)	**41,682,524**	33,548,347
Long-term disability claims (e)	**20,745,895**	19,389,183
Vested sick leave benefits (a)	**19,897,270**	18,228,405
Vacation payable	**13,641,340**	12,846,510
Workers' compensation obligations (d)	**8,718,440**	7,436,079
Insurance claims (Note 9b)	**7,848,114**	6,511,412
	112,533,583	97,959,936

Actuarial valuations:
The following table sets out the extrapolated results for each of the plans as at December 31, 2010

	Post employment benefits $	Vested sick leave benefits $	Long term disability $	Workers' compensation $	2010 total $
Accrued benefit liability, beginning of year	33,548,347	18,228,405	19,389,183	7,436,079	78,602,014
Current service cost	2,407,912	1,824,883	2,913,304	2,482,875	9,628,974
Amortization of (gain) loss	147,481	241,906	(686,894)	248,667	(48,840)
Interest cost	2,054,990	1,052,966	727,602	478,301	4,313,859
Prior year adjustment	4,584,251	-	-	-	4,584,251
Benefit payments	(1,060,457)	(1,450,890)	(1,597,300)	(1,927,482)	(6,036,129)
Accrued benefit liability, end of year	41,682,524	19,897,270	20,745,895	8,718,440	91,044,129

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimate. The following represents the more significant assumptions made:

	Post employment benefits	Vested sick leave benefits	Workers' compensation
Expected inflation rate	2%	2%	2%
Expected level of salary increases	3%	3%	N/A
Interest discount rate	5%	5%	5%

Total employee benefit obligations amount to $104,685,469 (2009 - $91,448,524).

a) Liability for Vested Sick Leave Benefits

Regional Operations

Commencing in 2000, the accumulated sick leave plan was replaced by a Short-term Disability plan for employees in Regional Operations. Under the plan, employees with five or more years of service were given the option of receiving a cash payout of fifty percent of the balance in their sick leave bank as at December 31, 1999 or deferring payment until termination of employment with the Region. The estimated actuarial value of the liability of the accumulated days for employees who chose the deferral option is $1,369,648 (2009 - $1,464,879) at the end of the year. Employees who had less than five years of service at December 31, 1999 were given the option on the fifth anniversary of their hire date to either receive payment for the value of accumulated sick days as at December 31, 1999 or defer payment until termination of their employment with the Region. A reserve has been established for the past service liability and is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2010 is $4,723,761 (2009 - $4,633,993)

Police Services

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment of one-half of the sick bank balance to a maximum of six months salary when they leave the municipality's employ.

The actuarial liability for the accumulated days to the extent that they have vested and could be taken in cash by an employee on termination amounted to $18,527,623 (2009 - $16,763,526) A reserve was established to provide for a portion of the Police Services past service liability and the balance at the end of the year is $12,828,245 (2009 - $12,227,454) and is included in accumulated surplus in the Consolidated Statement of Financial Position.

According to an independent actuarial valuation report dated January 31, 2011 the total estimated liability for both regional operations and police services is $19,897,271 (2009 - $18,228,405).

b) Pension Agreement

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan on behalf of approximately 4,819 members of its staff. The plan is a defined benefit plan and specifies the amount of the retirement benefit to be received by the employees based on length of credited service and average earnings.

In 2010, employer contribution amounts to $28,715,649 (2009 - $26,000,170) and is included as an expense in the Consolidated Statement of Operations Employee contributions also amount to $28,715,649 (2009 - $26,000,170).

c) Post Employment Benefits

Employees who retire under the OMERS pension plan at age fifty or greater with a minimum of twenty years of service with the Region, are entitled to continued coverage for extended health and dental benefits. Police Services provides post employment benefits to age 65 and then a health spending account of $3,000 per year to age 70 or age 75 for senior officers indexed at CPI.

According to an independent actuarial valuation report dated January 31, 2011 the total future cost associated with these benefits is $41,682,524 (2009 - $33,548,347) and is reported in the Consolidated Statement of Financial Position.

d) Workers' Compensation

Under the Workplace Safety and Insurance Act, the Region is a self-insured employer (Schedule II) for all of its employees.

According to an independent actuarial valuation dated January 21, 2011 the estimated liability for all claims incurred to December 31, 2010 is $8,718,440 (2009 - $7,436,079) and is reported in the Consolidated Statement of Financial Position. The unamortized actuarial loss as at December 31, 2010 is $1,603,579 (2009 - $1,852,246).

e) Long-Term Disability Self Funding Arrangement

In October 2002, the Region adopted a self-insured arrangement for its long-term disability benefit (LTD). Under this arrangement, the Region funds its own claims through a segregated reserve and contracts with an insurance carrier to adjudicate and administer all claims on an Administrative Services Only (ASO) basis. According to an independent actuarial valuation dated January 21, 2011 the estimated liability for claims incurred is $20,745,895 (2009 - $19,389,183) as at December 31, 2010 and is reported in the Consolidated Statement of Financial Position.

8. Contractual Obligations and Commitments

a) York-Toronto Water Supply Agreements

Under the terms of agreements with the City of Toronto, the Region is entitled to purchase water at rates established every year. Payments in respect of these agreements amounted to $24,170,245 (2009 - $22,419,867). Payments under these agreements are financed by area municipalities based on water consumption.

b) York-Peel Water Supply Agreement

In 2001, the Region entered into an inter-regional water servicing agreement with the Regional Municipality of Peel. Under the terms of the agreement, the Region is entitled to purchase water from Peel at a negotiated rate. The Region of York began purchasing water from the Region of Peel in late 2005. The agreement provides for a buy-in payment of $52.4 million, payable in three equal instalments of $17.46 million. Two payments have been made to date, with the third and final instalment due in 2011. The Region of York is required to pay operating costs to the Region of Peel for water consumption based on the York Wholesale Rate, commencing in 2005, through to 2031 and beyond. The York Wholesale Rate includes a component to be contributed to a Capital Repair and Replacement Reserve. Payments under this agreement form part of Region's operating expenses and will be financed by the area municipalities based on water consumption.

c) Operating Leases

Under the terms of various operating lease agreements, future minimum payments for the next 5 years are approximately as follows.

	$
2011	6,715,000
2012	6,662,000
2013	6,519,000
2014	6,229,000
2015	6,326,000

d) York Rapid Transit Plan

In 2002, the Region entered into a public-private partnership with York Consortium 2002 to implement the York Rapid Transit Plan (YRTP). The YRTP was developed from the Region's Transportation Master Plan, which identified the need to implement a rapid network that would reduce the rate of traffic congestion and support economic and residential growth. The future works for the YRTP has been rebranded as VIVANext and includes the construction of the Yonge and Spadina Subway extensions, and also extension and conversion to Light Rail Transit. Implementation of the YRTP is estimated to cost $12 billion over 10 years and is contingent upon future funding agreements with provincial and federal governments.

e) Toronto-York Subway Extension Project

In 2007, the Region signed an agreement with the City of Toronto and the Toronto Transit Commission to design and construct an extension of the Spadina subway line that will extend from Downsview Station in northwest Toronto into York Region. The subway extension is a part of the Region's Transportation Master Plan and will support economic and residential growth.

The project cost is estimated to be $2.6 billion over 8 years and will be funded by contributions from the Federal Government, the Province of Ontario, the City of Toronto and York Region. The Region's estimated contribution is $351 million of which $35 million has been paid to the project by December 31, 2010.

f) York Region Hospitals Capital Funding

In 2009, Regional Council approved a memorandum of understanding (MOU) between the Region and York regional hospitals which provides direction for capital funding of the four regional hospitals from 2009 to 2031. Under the MOU, the Region provides funding for approved projects and their associated approved eligible costs. Total capital distributions to Markham Stouffville Hospital, Southlake Regional Health Centre, Vaughan Health Campus of Care and York Central Hospital Association amount to approximately $342 million over the period of the MOU.

In 2010, Markham Stouffville Hospital submitted a request for approval of $50.9 million of eligible costs for the Markham Stouffville Hospital Redevelopment Project. The amount represents the hospital's share of eligible capital costs under the MOU from 2009 until 2031. York Region has paid a total of $5.2M to the hospital as at December 31, 2010.

9. CONTINGENT LIABILITIES

a) Long-term Liabilities

The Region is contingently liable for long-term liabilities for which the responsibility for the payment of principal and interest is recoverable from other municipalities.

b) Public Liability Insurance

The Region's public liability insurance limits are set at $50,000,000. Environmental impairment liability is fully self-insured by the Region. The Region increased its level of self-insured retention, from the various deductible levels under the independent insurance policies, to $100,000.

The Region estimates that the liability as at December 31, 2010 for all outstanding public liability claims is, $7,848,114 (2009 - $6,511,412). The total reserve available for public liability and environmental impairment is $21,846,957 (2009 - $16,992,541).

c) Contingencies

The Region, in the course of its operations, is subject to claims, lawsuits and other contingencies. Accruals have been made in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the Region does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position.

10. LOCAL SERVICE REALIGNMENT COSTS

Annual Local Service Realignment costs for 2010 have been included as expenses in the Consolidated Statement of Operations based on billings from the Province for Social Assistance, an interim agreement with the Province for Social Housing payments, and unbilled amounts relating to 2010. This obligation is to be phased out over the next three years.

11. Provincial Offences Administration

The Region administers prosecutions and the collection of related fines and fees under the authority of the Provincial Offences Act ("POA"). The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-laws and minor federal offences. Offenders may pay their fines at any court office in Ontario, at which time their receipt is recorded in the Integrated Courts Offences Network system ("ICON"). The Region recognizes fine revenue when the receipt of funds is recorded by ICON regardless of the location where payment is made.

The gross revenue is comprised primarily of fines levied under Part I, II and III (including delay penalties) for POA charges The total revenue for 2010 amounts to $15,606,240 (2009 - $15,408,876) and the net loss amounts to $4,863,352 (2009 - $2,465,696). Balances arising from operation of the POA offices are consolidated with these financial statements.

12. Contribution Agreement with the Federal Government

The Region has a contribution agreement with Service Canada wherein the Region receives funding for the Homelessness Partnering Strategy (HPS) program to prevent and reduce homelessness across Canada. The Region, as the community entity, acts as a delivery agency on behalf of the federal government and works with community-based organizations to find local solutions for people who are homeless or at risk of becoming homeless. The federal funding received through Service Canada is used to complement and build on provincial and regional homelessness funding to ensure a network of support. In 2010, revenues from all sources totalled to $7,974,665 (2009 - $8,014,176). A review of the Payment Claim and Activity Reports shows that the eligible project costs amount to $587,324 (2009 - $908,716). The program is neither in a surplus nor deficit position at year end.

13. Limitation on Property Tax Increases and Funding for Business Classes under the Municipal Act, 2001

The Municipal Act, 2001 (the "Act") requires that municipalities limit (cap) any annual assessment related property tax increases to 5% on the Commercial, Industrial, and Multi-Residential property classes. The Act also provides that the costs of capping can be funded through retaining assessment related property decreases. Starting in 2005, the Province allowed additional capping options. The Region adopted the following capping options for 2005 and future taxation years:

1. Assessment-related property tax increases be capped at the greater of 10% of the previous year's annualized capped taxes, or 5% of the previous year's annualized full Current Value Assessment (CVA) taxes;
2. Properties for which tax increase have been capped (protected), but are within $250 of their full CVA taxes, be moved to the CVA tax level within the current taxation year;
3. Properties for which tax decreases have been retained (clawed back), but are within $250 of their full CVA taxes, be moved to the CVA tax level within the current taxation year.
4. Capped taxes on eligible new construction/new-to-class properties be phased out by 2008 through annual increments to the minimum property tax payable.

In addition, the Region adopted the following additional tax protection options for 2009 and future taxation years:

1. Properties that were at their full current value level taxes in the prior taxation year remain at their full current value level taxes in the current taxation year;
2. Properties that were changing from being capped (protected) to clawed back (retained) from the prior taxation year, are instead excluded from the capping calculation and would be set equal to their uncapped full current value taxes; and
3. Properties that were changing from being clawed back (retained) to capped (protected) from the prior taxation year, are instead excluded from the capping calculation and would be set equal to their uncapped full current value taxes.

The Region is also required by the Act to perform a "bankering" role for the local municipalities to ensure that they would have neither a surplus nor a shortfall as a result of this process. The Region will only transfer funds between area municipalities as part of the tax related adjustments and does not incur any direct financial costs to area municipalities. However, if there is a shortfall in the amount of property tax decreases available to fund the cost of capping protection in a particular property class, the Region and the local municipalities share the cost of the shortfall on a pro rata basis equal to the proportionate share of the property taxes levied.

14. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2010	2009 (Restated)
	$	$
Surplus		
-Invested in tangible capital assets	**2,574,204,245**	2,187,795,330
-Other	**16,051,771**	32,216,158
	2,590,256,016	2,220,011,488
Reserves		
-Equipment/vehicle replacement	**41,920,202**	39,859,051
-Working capital	**40,256,138**	39,443,307
-Group benefits	**2,005,606**	4,592
-Vacation pay	**763,011**	725,755
-OMERS (Type 3)	**94,604**	94,604
Total Reserves	**85,039,561**	80,127,309

	2010	2009 (Restated)
	$	$
Reserve Funds		
-Capital reserve fund	**235,623,559**	235,871,203
-Roads infrastructure	**115,149,104**	109,526,649
-Facilities rehabilitation and replacement	**103,065,306**	71,352,413
-Social housing development	**76,468,610**	72,257,402
-Move Ontario	**72,945,927**	67,099,453
-Roads capital	**49,932,611**	28,471,282
-Tax stabilization	**42,848,694**	36,861,843
-Solid waste management	**26,764,940**	19,454,646
-Social assistance	**24,224,167**	24,649,515
-Long-term disability	**22,741,367**	21,197,210
-Insurance	**21,846,957**	16,992,541
-Sick leave	**17,552,006**	16,861,447
-Transit	**12,263,805**	7,901,041
-Hospital financing	**12,196,216**	-
-Workers' compensation schedule II	**11,967,629**	8,070,176
-Regionally owned housing	**11,520,151**	10.957,650
-IT development	**9,232,872**	-
-Non-profit housing capital	**7,288,369**	4,230,030
-Ontario bus replacement program	**3,791,623**	-
-Innovation	**3,734,857**	3,537,454
-Computer software acquisition	**2,216,512**	3,088,891
-Provincial Gas Tax	**1,896,174**	2,308,500
-Provincial highways	**1,427,138**	1,727,591
-Land securement	**1,393,394**	1,407,059
-Seized funds	**216,855**	162,725
-Alternative Community Living	**188,480**	179,327
-Fuel cost stabilization	**88,790**	-
-Insurance claims and certificate system	**10,814**	10,286
-Capital reserve-water and sewer	**(21,177,067)**	(1,631,868)
Total Reserve Funds	**867,419,860**	762,544,466
Total	**3,542,715,437**	3,062,683,263

15. SEGMENT DISCLOSURE

	General government	Protection to persons and property	Transportation services	Environmental services	Health and emergency services
Revenues					
Net taxation/user charges	781,608,751	-	-	163,562,989	-
Transfer payments	7,280,228	7,528,700	123,878,759	43,137,940	65,804,923
Development contributions	-	3,243,822	55,869,672	148,278,719	140,987
Fees and services	7,219,714	11,220,948	53,696,339	12,212,553	737,735
Interest	21,920,333	609,910	13,787,449	933,491	-
Other	15,590,536	1,464,092	(25,599,622)	49,807,994	-
	833,619,562	24,067,472	221,632,597	417,933,686	66,683,645
Expenses					
Salaries and benefits	37,712,797	206,974,506	35,383,934	25,299,551	79,574,333
Interest payments	115,794	2,419,406	10,184,181	52,338,083	281,727
Operating expenses	39,123,173	23,508,841	164,125,538	126,633,916	10,848,099
Government transfers	5,701,551	-	8,635	5,441,474	8,747,480
Amortization	8,266,488	8,195,406	66,380,842	32,214,167	2,107,578
	90,919,803	241,098,159	276,083,130	241,927,191	101,559,217
Net Revenue (Expense)	742,699,759	(217,030,687)	(54,450,533)	176,006,495	(34,875,572)

	Community services	Social housing	Planning and development services	Total 2010	Total 2009
					(Restated)
Revenues					
Net taxation/user charges	-	-	-	945,171,740	904,652,095
Transfer payments	121,749,230	37,693,824	1,248,761	408,322,365	263,215,689
Development contributions	284,210	-	65,582	207,882,992	202,030,928
Fees and services	5,325,213	13,543,416	425,019	104,380,937	93,435,684
Interest	1,267,818	4,445,318	-	42,964,319	39,170,467
Other	933,449	430,900	-	42,627,349	48,489,307
	129,559,920	56,113,458	1,739,362	1,751,349,702	1,550,994,170
Expenses					
Salaries and benefits	54,752,888	8,943,205	8,486,148	457,127,362	420,684,835
Interest payments	229,430	5,062,650	-	70,631,271	64,464,097
Operating expenses	69,337,413	62,690,513	2,909,865	499,177,358	500,903,654
Government transfers	77,446,279	23,401,188	-	120,746,607	129,935,387
Amortization	1,203,137	4,900,704	366,608	123,634,930	116,574,783
	202,969,147	104,998,260	11,762,621	1,271,317,528	1,232,562,756
Net Revenue (Expense)	(73,409,227)	(48,884,802)	(10,023,259)	480,032,174	318,431,414

16. TANGIBLE CAPITAL ASSETS

Cost	Balance at December 31 2009	Additions	Disposals	Balance at December 31 2010
	(Restated)			
	$	$	$	$
Land	293,633,297	58,685,937	-	352,319,234
Land improvements	96,602,990	24,353,663	-	120,956,653
Buidings	996,614,672	260,895,624	-	1,257,510,296
Equipment and machinery	303,218,244	67,190,060	(1,188,096)	369,220,208
Vehicles	237,591,338	27,619,561	(4,494,534)	260,716,365
Roads infrastructure	1,197,270,372	42,239,637	(2,741,355)	1,236,768,654
Water and sewer infrastructure	987,781,294	38,623,913	-	1,026,405,207
Assets under construction	858,120,490	305,750,181	-	1,163,870,671
Total	4,970,832,697	825,358,576	(8,423,985)	5,787,767,288

Accumulated amortization	Balance at December 31 2009	Disposals	Amortization expenses	Balance at December 31 2010
	$	$	$	$
Land	0	-	-	0
Land improvements	48,966,768	-	4,905,639	53,872,407
Buidings	338,761,088	-	28,490,101	367,251,189
Equipment and machinery	181,496,155	(864,497)	20,036,191	200,667,849
Vehicles	72,271,726	(3,977,902)	18,305,793	86,599,617
Roads infrastructure	533,545,898	(2,678,716)	41,659,812	572,526,994
Water and sewer infrastructure	89,419,077	-	10,237,394	99,656,471
Total	1,264,460,712	(7,521,115)	123,634,930	1,380,574,527

	Net book value December 31 2009	Net book value December 31 2010
	(Restated)	
	$	$
Land	293,633,297	352,319,234
Land improvements	47,636,222	67,084,246
Buidings	657,853,584	890,259,107
Equipment and machinery	121,722,089	168,552,359
Vehicles	165,319,612	174,116,748
Roads infrastructure	663,724,474	664,241,660
Water and sewer infrastructure	898,362,217	926,748,736
Assets under construction	858,120,490	1,163,870,671
Total	3,706,371,985	4,407,192,761

17. Transfer Payment Receipts

	2010	2009
	$	$
Provincial grants		
Social assistance	60,150,482	51,082,311
Child care	43,047,867	42,817,936
Transit	91,879,635	22,831,427
Public health	41,470,304	39,998,020
Environmental services	36,975,202	-
Housing	29,054,252	15,132,777
Ambulance	24,320,228	22,137,696
Services for seniors	17,391,877	16,697,606
Police	7,528,700	7,884,283
Roadways	3,303,909	2,911,386
Other	4,118,978	292,736
	359,241,434	221,786,178
Federal grants		
Gas tax	23,996,838	30,047,519
Housing	8,639,572	8,652,839
Environmental services	6,162,738	-
Transit	4,698,377	-
Roadways	2,018,937	1,508,297
Social assistance	1,159,004	988,586
Public health	14,391	-
Other	2,391,074	232,270
	49,080,931	41,429,511
Total transfer payments	408,322,365	263,215,689

SINKING FUND

STATEMENT OF FINANCIAL POSITION,

FINANCIAL ACTIVITIES

AND

CHANGE IN FUND BALANCE

2010

York Region

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Regional Municipality of York

We have audited the financial statements of the sinking funds of The Regional Municipality of York, which comprise the statement of financial position as at December 31, 2010, the statement of financial activities and change in fund balance for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the sinking funds of The Regional Municipality of York as at December 31, 2010, the results of its operations and changes in its financial position for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

May 13, 2011
Toronto, Canada

THE REGIONAL MUNICIPALITY OF YORK
Sinking Fund Statement of Financial Position
As at December 31, 2010

	2010 $	2009 $
Financial Assets		
Investments – at amortized cost (Note 1)	**79,239,615**	42,226,449
Total Assets	**79,239,615**	42,226,449
Liabilities		
Actuarial requirement for retirement of the Sinking Fund (Note 2)	**78,579,218**	41,771,112
Fund balance	**660,397**	455,337
Total Liabilities and Fund Position	**79,239,615**	42,226,449

THE REGIONAL MUNICIPALITY OF YORK
Sinking Fund Statement of Financial Activities and Change in Fund Balance
For the year ended December 31, 2010

	Budget (Unaudited) $	2010 $	2009 $
Revenues			
Contributions from:			
Area Municipalities	3,390,897	**3,390,897**	2,714,057
Regional Corporation	31,040,992	**31,040,992**	9,884,553
Total contributions	34,431,889	**34,431,889**	12,598,610
Interest earned	2,595,325	**2,581,276**	1,452,847
Total revenues	37,027,214	**37,013,165**	14,051,457
Expenses			
Actuarial requirement for the year	(36,808,105)	**(36,808,105)**	(13,862,378)
Change in Fund Balance	219,109	**205,060**	189,079
Opening Fund Balance	455,337	**455,337**	266,258
Closing Fund Balance	674,446	**660,397**	455,337

The accompanying notes are an integral part of these Financial Statements.

The Regional Municipality of York's sinking fund is a separate fund maintained for the purpose of providing periodic repayments of all debts to be retired by means of sinking funds.

1. INVESTMENTS

All investments are purchased with the intention of holding them until maturity. They are recorded at cost, price adjusted annually for amortization of discount or premium on a present value basis as determined at the time of purchase with the amount of such amortization included in the interest earned on the Statement of Financial Activities and Change in Fund Balance. The investments have a market value of $83,047,371 (2009 - $43,371,786).

2. ACTUARIAL REQUIREMENTS

The actuarial requirements of the sinking fund represent the amounts levied during the year as set out in the sinking fund debenture by-law plus interest thereon capitalized at a rate of 3%, 4%, 5% or 8% per annum compounded annually. Any excess revenue over these requirements is included in the sinking fund balance.

RESIDENTS'

TRUST FUNDS AND DONATION ACCOUNT

STATEMENT OF FINANCIAL POSITION

AND

FINANCIAL ACTIVITIES

2010

York Region

KPMG

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Regional Municipality of York

We have audited the financial statements of residents' trust funds and donation account of The Regional Municipality of York, which comprise the statement of financial position as at December 31, 2010 and the statement of financial activities for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the funds held in trust and its donation account by The Regional Municipality of York as at December 31, 2010, the results of its operations and changes in its financial position for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

May 13, 2011
Toronto, Canada

THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds and Donation Account
Statement of Financial Position
As at December 31, 2010

	Trust $	Donation $	**2010 $**	2009 $
Financial Assets				
Cash	134,379	51,269	**185,648**	388,854
Investments	0	-	**0**	153,669
Residents' petty cash	5,500	-	**5,500**	5,000
Total Assets	139,879	51,269	**191,148**	547,523
Fund Balances	139,879	51,269	**191,148**	547,523

THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds and Donation Account
Statement of Financial Activities
For the year ended December 31, 2010

	Trust $	Donation $	**2010 $**	2009 $
Fund balances, beginning of year	490,732	56,791	**547,523**	527,175
Source of funds:				
Deposits on behalf of residents	483,949	36,028	**519,977**	465,973
Interest earned on deposits	1,884	2,313	**4,197**	5,079
	485,833	38,341	**524,174**	471,052
Use of funds:				
Withdrawals	(683,017)	(43,863)	**(726,880)**	(350,704)
Investing				
Matured investments not reinvested	(153,669)	-	**(153,669)**	(100,000)
Net activity	(350,853)	(5,522)	**(356,375)**	20,348
Fund balances, end of year	139,879	51,269	**191,148**	547,523

The accompanying notes are an integral part of these Financial Statements.

1. ACCOUNTING POLICIES

a) These financial statements reflect the financial activity and financial position of funds held in trust by the Regional Municipality of York (the 'Region') for residents of Newmarket Health Centre and Maple Health Centre, and funds donated to the facilities

b) Funds held in trust and monies received by way of donation are invested by the Region on behalf of the residents. Interest is credited to the funds based on the average yield earned by the Region on its investments.

2. BASIS OF ACCOUNTING

a) Cash and investments are recorded at cost.

b) Deposits on behalf of residents are reported upon receipt and interest income is reported on the accrual basis of accounting. Withdrawals are reported in the period in which they are made.

2010 Financial Statements and Auditors' Report

Presentation to Audit Committee

June 9, 2011

Agenda

- Key Reporting Requirements
- 2010 Financial Statement results
- Restatement - 2009 Financial Statements

New Reporting Requirements

- Four main statements:
  - Statement of Financial Position
  - Statement of Operations
  - Statement of Change in Net Debt
  - Statement of Cash Flow
- Reporting tangible capital assets on Balance Sheet
- Amortization of assets

York Region

Statement of Financial Position

Assets:	
Financial Assets	XXXX
Liabilities:	XXXX
Net Debt	XXXX
Non-Financial Assets:	
Prepaid Expenses, Inventory	XXXX
Tangible Capital Assets	**XXXX**
Accumulated Surplus	**XXXX**

York Region

Statement of Operations

Revenues	xxxx
Expenses:	
Operations	
Amortization	
Total Expenses	xxxx
Annual Surplus	**xxxx**
Accumulated Surplus, beginning of year	**xxxx**
Accumulated Surplus, end of year	**xxxx**

York Region

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Recording Tangible Capital Assets

Example: Equipment Purchased
Cost - $100,000
Useful Life – 10 years

		Date of Purchase	Annually Years 1 - 10	Total at Year 11
Pre-2009	Balance Sheet	-	-	-
	Income Stmt	$100,000 (expense)	-	$100,000 (expense)
2009 onward	Balance Sheet	$100,000 (cost)	($10,000)/yr (accumulated amortization)	$100,000 (cost) ($100,000) (amort.) - (NBV)
	Income Stmt	-	$10,000/yr (amortization exp.)	$100,000 (expense)

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Accumulated Surplus

- Amount that all assets exceed liabilities
- Includes financial and non-financial assets
- Indication of ability to provide future services
- 2010 accumulated surplus of $3.54B

Increased $480M due to investment in tangible capital assets

York Region

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Net Debt

- Difference between financial assets and liabilities
- Indication of future revenues required to pay for past transactions
- 2010 Net debt - $872.9M

Net debt increased $221.4M due to investment in tangible capital assets

York Region

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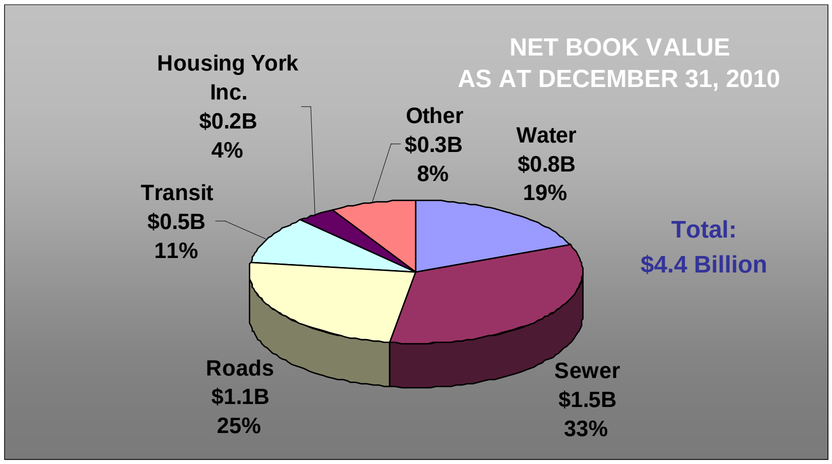
Tangible Capital Assets By Department



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2009 Restatement

- Payments to Peel and Toronto for cost-shared capital infrastructure - $74.8M
- Treated as operating cost and fully expensed in 2009

2009 Tangible Capital Asset figure is restated on the 2010 Financial Statements

York Region

GFOA Award for Financial Reporting 2009

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